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# IN AND ABOUT THIS ISSUE

In the public discussion that continues on the pros and cons of the "businessmen in politics" movement, the vital concern of public relations practitioners is the role they will and should play. Not long ago John B. Halper argued that a new vocational field has opened up, that of the public affairs officer. (See "Public Affairs-Management's Fastest Growing Relation," January, 1960). One leading businessman who takes a dim view of this development is **George Romney,** the dynamic president of American Motors. In "Danger: Citizenship By Proxy" (page 2) he gives his own interpretation of public affairs activities by corporations. As to the "new" vocational field, Mr. Romney warns, " . . . if the PR director finds himself outside the fence on one of the major sociological assignments of our times, it is probably his own fault."

* * *

In a recent issue we introduced the first of an occasional series of articles which we have named PR Classics—out of print material which still has contemporary value. (See "Industry's Public Relations" by David Lawrence, January 1960).

We are proud to offer in this issue one of the fundamental documents of our field, by one of the acknowledged leaders and thinkers who has had profound influence on the course of public relations, **Paul Garrett.** Mr. Garrett was public relations director of General Motors for twenty-five years. In 1956 he retired to open his own counseling office in New York City. One of the first corporation PR men to earn the title of vice president—in 1940—Mr. Garrett has written and spoken extensively on the services which public relations can render to our society. From a business point of view he is particularly concerned about the consumer.

"Public Relations—Industry's No. 1 Job" (page 6) was originally presented as a speech in 1938. It is not only remarkably prophetic—( . . . "the major problems in the future will be with governments and with people")—it is a lucid explanation of our enterprise economic system.

It is peculiarly fitting that we reprint this statement in 1960, for the author, in 1938, said that public relations needed new approaches and more advanced techniques—in fact "a 1960 model."

This second PR Classic was suggested to us by David L. Lewis of the General Motors public relations staff, himself a contributor to these pages. (See "International Networks: PR's New Golden Age" October, 1957). Nominations by our readers for future items are welcome. For the time being, at least, the PR Classics series is restricted to articles and speeches written before World War II.

* * *

Too often public relations photography is limited to the presentation of an award and/or cheesecake. The interpreting of industrial scenes and processes calls for a higher degree of skill. To explore the possibilities for improved PR photography we have asked **Ralph Steiner** to prepare an illustrated article and to give his philosophy out of his years of experience as an industrial photographer. In "A Photographer in the Family" (page 21) Mr. Steiner demonstrates that he can write, as well as take pictures. Since preparing this article one of his industrial photos has appeared as a two page spread in Life Magazine. The author is director of photography for Ruder & Finn, Inc. New York public relations firm.

* * *

Motivation research, once alternately proclaimed as a panacea and denounced as a fake, remains, under the direction of competent social scientists, a useful tool for the solution of certain public relations problems. One of the recognized authorities is **Dr. Burleigh Gardner** who, in "The Use of Motivation Research" (page 28) illustrates his thesis with a case study. Dr. Gardner is Executive Director of Social Research, Inc., Chicago, which he formed in 1946. He is a leader in the effort to gain recognition of the value to business of the social sciences and their application in the field of motivation research. The author has been on the faculty of the University of Chicago and, among his numerous research projects, spent five years at the Western Electric Company on a personnel counseling program. He is author of the book "Human Relations in Industry," and a contributor to many periodicals.

* * *

No public relations practitioner can avoid the current controversy on economic growth nor its relationship to government spending. Don Colen's book column (page 33) gives succinct and useful guidance.

# DANGER:
# *Citizenship By Proxy*

*by* GEORGE ROMNEY

IN RECENT years, there has been a trend toward the crystallizing of corporate opinion on political and public policy issues through a new office sometimes labelled the department of public affairs.

While most such departments are largely advisory in nature and while the longer-established public affairs officers have demonstrated basic concern with the exercise of citizenship rather than its direction, the trend has its disturbing connotations.

Primary among these is the too prevalent notion that it may be the right, even duty of the corporation to presume the agreement of its executives, employees, stockholders, customers, and suppliers and to "mass market" the corporate opinion as it does with a product or service.

I am not questioning whether this can be done. I am afraid that it can be done too well. What I question is whether such activity, regardless of its impact for the common good in a particular instance, can be considered good public relations for either the corporation or the economy in which it lives.

There are some who will argue that unions do this and industry must employ similar tactics if it is to have an even chance in the political arena. To be sure, some unions do. But, I see no progress for democracy in the building of crossfires which are as undemocratic as the original blaze.

The truth is that too many people are already all too willing to surrender their convictions to some "father group" for the molding. As Professor Andrew Hacker of Cornell argues with clarity in his essay on "Politics and the Corporation," many people owe their security to power blocs

which are concerned with the most single important interest that individuals can gain from such association—namely, the individual's economic interest.

Consequently, impersonal economic interests have been replacing personal reflection in the determination of political and citizenship action. This seems to me a dangerous drift which washes at the very foundation stones of our society.

***Foundation Stones of Freedom***

What are these foundation stones? They are the established moral principles and the resulting principles of government which the founders of America attempted to work into our Constitution. We might briefly summarize them as follows: the authority of the Creator . . . the sanctity of the individual . . . the brotherhood of man . . . the state as the creature and servant of man . . . the dispersion of power that freedom may be insured . . . and the principle that men should compete, co-operate, and be rewarded on the basis of what they contribute to society.

Under these principles, it is wrong for either a corporation or a labor union—or, for that matter, a trade association—to encourage any American to transfer his personal rights of citizenship to the institution.

Of course, I hardly consider it wrong for the individual business leaders and white-collar employees to participate in political activity—as individuals. Nor do I think it wrong for business to present economic facts to political bodies and private citizen groups. I refer solely to direct or indirect political activity by economic organizations.

Before church and state were separated, church participation in politics and government exerted a real influence on the political attitudes of church members. Similarly, political activity by a company is likely to cause an executive to feel that his economic opportunity in the company is affected by his own political support of company political thinking. Secret ballot to the contrary, what right has a company to create an atmosphere in which the employee's economic status can possibly be thought to depend on his own political judgments, so long as these judgments conform to the basic principles on which our free society depends?

I find that my friends in the business community will answer—"No right at all." Yet, a few will raise this question. In these complex times—with big population trends and powerful voices of mass communication—how can any public spirited individual be effective unless his energies are combined with similar energies of other individuals?

The answer is that he cannot. He must work with others. But his work should be personal and direct, not by proxy. He should be directed by what *he* believes, not by what his corporation or his union believes. He must advocate for himself and thereby find his own kindred rather than suffer his voice to be drowned in the loudspeaker of an institution.

### *Scope of a Proper Public Affairs Program*

A challenge to our society is that of bringing back to life the feeling that each individual *does* count—and that he can become personally involved with effectiveness.

The public affairs program of a company which focuses on this challenge is doing a great public service. Yet, I do not believe that such a program needs to be implemented by someone outside the public relations department or counselling firm. In fact, it seems to me that the task of helping others to improve themselves and express themselves is a major business of public relations.

True, the job is no side-line. It requires budget, workers, creative concentration, and 100 per cent attention. But, if the public relations director finds himself outside the fence on one of the major sociological assignments of our times, it is probably his own fault. Either he has failed to convince management of his fundamental understanding of the situation —or, he has become so enmeshed in the commercial aspects of his job that there is doubt he would have time or concern for anything else.

The elements of a solidly-constructed corporate public affairs program would seem to be these:

1. Organized encouragement of every man and woman in the corporate family to form and put into action his or her own unorganized convictions;
2. Communication which aids the individual in the objective formation of personal opinion by supplying factual information on every side of paramount issues at the national and local levels—and in understandable form;
3. Special facilities—such as time off, in-plant training, awards, guidebooks, etc.—which make it easier for the individual to express his own convictions and to participate in political campaigns and community action projects.

### *The Greater Challenge: Parties of People*

Behind this, however, is an even higher cause to which we could

well address ourselves. The most effective means of putting some hope and zest back into political participation is in the hands of our political parties. It is high time that these parties rejected the participation of economic power groups and reached out for the participation of citizenship.

I would like to see the parties curb the emphasis on dollars and inflate the emphasis on people. A give-an-hour-to-the-party-of-your-choice campaign would be much more resultful than the stereotyped give-a-buck.

The party system today is too much one of guarded exclusion. Many people feel that they have little opportunity to choose anything but the word that is passed from the smoke-filled room. Widely publicized open-forum type meetings would put excitement and opportunity back into politics at the local level.

Participation on an effective basis would arouse the interest of people who are presently without much interest. It would stimulate people to take stands on issues and it would generate issues. One of our problems today is issueless politics, with a tragic similarity between party positions that give the voter little alternative.

We need to bring our political parties and the people back together if our democratic system is to continue to be truly representative. When the people have fuzzy choices, they are powerless to act with precision and control is defaulted to willful power groups that can be arrogantly unaccountable to a listless electorate.

The citizen must fight for his citizenship or he will find himself enslaved by the power groups—or by an all powerful state that is exercising his inalienable rights on the premise that the state must protect him from the excesses of the power groups themselves.

I would like to see the public relations profession take more cognizance of this problem than has been evidenced to date. ●

* * *

### DON'T CALL US, WE'LL CALL YOU

"For the past several years there has been a unique shortage of competent public relations people in the $10,000 to $75,000 salary range. Greater support is essential for formal public relations education, in order to provide the tens of thousands trained people that will be needed in the next decade."

—Kalman B. Druck, President, *Kalman B. Druck, Inc.*

A PR Classic*

# PUBLIC RELATIONS–

# *Industry's No. 1 Job*

*by* Paul Garrett

I ASSUME that most of us here have been so reared in the faith and the realities of a free America that even now, as a world war in ideas is disrupting established institutions everywhere, perhaps not one of us in his heart is ready to believe anything can happen to destroy the liberties that are our own heritage.

But of course it can. Already, even as we have stood by marveling with what ease world changes came to pass, one after another the free governments have fallen. And now these United States stand as one of the few countries where the people still rule, where men may aspire to a better future and where enterprise still is free.

Various reasons have been advanced for this amazing retreat from hard-won liberties, but the one important reason that need concern us is that the adherents of free government, those who support representative forms, the citizens—or, if you please, the customers of free government—have been slipping away. They have been abandoning their basic charters. They have been turning to new doctrines, not from any considered knowledge that the new doctrines offer more, but for want of an understanding of their own government—its origins, purposes, methods and its results.

Now, when faith in an institution like government is lost—the purposes and principles forgotten—you must expect two results: the institution no longer renders its accustomed service, and new leaders arise.

### *Our Business System Challenged*

Precisely these things have been happening, not because of any inherent or chronic weakness in the governments concerned, but because

* This is one of a series of "PR Classics." It was presented by Paul Garrett, April 22, 1938 at the twenty-first annual convention of the American Association of Advertising Agencies.

free peoples have been too busy enjoying their benefits, too intent upon capitalizing their opportunities, ever to consider that the system which produced these benefits and opportunities might itself sometime be imperiled. Few have stopped to realize that one can live under and yet not understand the why and the how of free government, can absorb its benefits and still not know the fundamental features distinguishing it from other systems. Few have stopped to figure what loss in their own personal lives a change in the system might bring. Longtime familiarity with common rights and privileges so often breeds indifference—if not contempt.

Coincident with this decline in the spirit of free governments—and as a direct outgrowth—it has been only natural that some should question another inherently strong and dynamic force. I refer to that institution so firmly imbedded in American tradition known as private enterprise. Call it the system of individual initiative, or the capitalistic order, or the American way of work and life—call it what you will, the facts are that our whole economic and industrial structure has been thrown into confusion. It has been thrown into confusion not because of any inherent or irremediable weakness within itself, but because it has failed to make clear to people the philosophy and principles of its own existence.

If the American business system is to preserve the right to continue its contributions to the general welfare, it must learn to interpret itself in deeds and in words that have meaning to others than itself. For it is not what industry can do for itself that matters. Industry's destiny rests and must necessarily rest not on the system's benefits to capital, not on its benefits to labor, but in the final analysis on its benefits to that most important group that is the common denominator of all—the consumer, the group that outnumbers and includes all others.

And are we not a little short-sighted nowadays to explore so many questions with thought for almost every class except the consumer? The employee's side we headline. The employer's side we expound. These two servants of industry we defend daily before our political tribunals in heated arguments. But rarely do we present the case for sober trial in terms that have consumer meaning before the supreme court of public opinion.

***We Fail to Tell How and Why***

We have been generally alert in building a profit motive system that has brought to the American consumer the highest standard of living in the history of mankind. We have been inexcusably stupid in our failure to give him an understanding of how it is that consumer dreams and desires

become realities under our system of large scale enterprise. We have made too little effort to explain the A B C's—the simple premises and processes —of the American plan; to explain that the standard of living for all goes up, and can only be made to go up, as the true price of goods for all is brought down.

***Industry Depends Upon Customers***

And until this elementary concept is got across, how can we expect people to understand that their advanced standard of living—far higher than anywhere else in the world—is inextricably linked to the characteristic American principle of mass production in industry by which managements are forever striving to drive costs lower and lower to make more and more goods for more and more people? Were this principle understood people would have infinitely greater faith in their own security. *They would see that hope ahead lies not in surrendering this basic formula but in making it work better and in making people understand it better.* They would recall with understanding that the high living standard that was enjoyed a hundred years ago by scarcely a tenth of our people is now the common possession of two-thirds. They would envision the time perhaps a half century away when, under a continued application of this same formula, poverty might become practically eliminated or at least reduced to a point where only a tenth of our people would be lacking a satisfying supply of the comforts of life. They would see plainly enough why industrial workers seldom migrate from, but always toward, lands of opportunity—why even recently there has been no evident trek back to the countries of the dictators.

Because so many have not had this understanding, have been viewing themselves as employers, or workers, or farmers—rather than as consumers of goods—they have allowed their narrower outlook almost to blind them, and have put under scourge the source of their broader opportunities. Without realizing it, they have put business on the spot.

Thrust by this turn of events into an awkward and unaccustomed place, conscious of past omissions and critical future needs, industry has been fervently taking stock of itself and submitting to frank, and frequently brutal, self-examination. It has conducted a searching inquiry into the validity of its established principles and accepted doctrines. Out of that inquiry has come a great new interest in what we refer to as human, or public, relations as applied to business. For industry, like democracy, depends for its present success and its future existence upon people, upon those who partake of its responsibilities and its benefits—upon men and

women—upon customers.

### *Success Once Was Popular*

One reason that business has not needed in the past to explain the customer advantages of the system, or that free government has not needed similarly to explain itself, is that in earlier days these advantages were extolled in the literature of the time. The benefits were new and vivid. For most of the 150 years of our existence as a nation our songs and poetry, our school books, our popular literature were written in a vein reminding people that they lived in the best of all lands. Ambition was generally taught as an admirable trait. The philosophy even took such expression in the Horatio Alger books—naive, judged by today's standards—as parables on the advantages of working hard and getting ahead. Successful men were objects of popular regard. To call a man a captain of industry was to praise him.

So it is only in recent years that we have begun to talk about public relations. I wonder how many of us realize, when we use those words, exactly what they mean. I recall a quotation from Justice Holmes in one of his decisions when he said: "A word is not a crystal, transparent and unchanging; it is the skin of a living thought and may vary greatly in color and content according to the circumstances and time in which it is used."

### *Means "Relations with the Public"*

Now when we put together two words which have not been together in the past—I mean the words public relations—we have joined two words that are not joined in Webster's Dictionary, although there you will find public house, public service, public school and public spirit.

Public relations is a synthetic term carrying many meanings. By some it is used as a fancy name for common press agentry; by some as a term for insidious propaganda to put something over. By others it is used to mean the telling of the "favorable" side of business. It is, of course, none of these things. It is infinitely more. Put the two words together in a different way and you have "relations with the public."

Now, if we are going to talk about the public, we must regard the terms as something more than a label. It refers to people—people comprising many over-lapping groups. The folks who build our products. Those who distribute them. Those who buy them. Those who own the business. Those who live in the plant community. Those who supply materials.

Most persons fall within this or that special group. But the impor-

tant thing is that they are all customers—members of that largest of all groups—the consuming public.

Public relations, therefore, is not something that can be applied to a particular phase of a business—nor is it an umbrella covering everything but touching nothing. It is rather a fundamental attitude of mind—a philosophy of management—which deliberately and with enlightened selfishness places the broad interest of the customer first in every decision affecting the operation of the business.

The philosophy of public relations turns not upon the needs of industry but upon the needs of the customer. And upon what better ground could industry want to stand?

Let me go further and ask—Upon what better basis can industry go to the people and plead its franchise for continued service, so long as it offers through customer satisfaction a better way of living than has yet been developed through any other known system?

***Industry's "Social By-Products"***

But it is no longer sufficient that business produce goods or services of the kind customers want at a price that customers can pay. Although heaven knows that in itself is hard enough to do. In addition—and here we break into a new field of management responsibility—business must provide and dispense those goods and services in a manner to win general approval and under circumstances that will promote social as well as economic progress. The great lesson that business is learning is that people are interested in more than just the product and the price. They are interested in the way things are done, in what might be called the "social by-products" of industry.

Defined broadly, good relations with the consuming public is not something that industry can achieve through publicity or through the activities of a particular department of the organization. *Public relations in the broad sense is not a specialized activity like production, engineering, finance, sales. It is rather something that cuts through all these as the theme for each. It is an operating philosophy that management must seek to apply in everything it does and says.* It is the philosophy of saying sincerely things people like—and saying them the way they like. It is more. It is the philosophy of doing things people like—and doing them the way they like. And, remember this, *the doing is more important than the saying. But the doing alone is not enough.*

Not everyone in industry understands this constructive philosophy

of public relations. And so, too many of our so-called public relations efforts to date have been defensive measures. We have been engaged in putting out fires rather than in removing the causes of trouble by building durably for the future. In some quarters the desperation of circumstances has encouraged a naive mixture of faith and hope that this thing called public relations would really turn out to be a new form of industrial salvation, atoning for past sins and promising a blissful future. Press agents, hack writers, publicity hounds, lobbyists, psychoanalysts, pseudo-scientists, straw vote experts and dozens of other "specialists"—good, bad and indifferent—have been drafted to perform that psychological face-lifting operation known as "molding public opinion." The result has ranged from the ludicrous to the tragic. But even so it has been refreshing, for it has evidenced a groping for new standards. We are beginning to find that there is more to public relations than patching up the mistakes of the past or providing temporary and soothing substitutes for sound management policies which should be in operation.

***Public Relations Not a Panacea***

I think it must be apparent that the typical handling of public relations in the past will not measure up to the requirements of the future. I think it must be apparent that—as might be expected in a field so new—nowhere is there to be found a public relations man who would claim to measure up to the requirements of today. We long ago passed the era of press agentry, but rare indeed is the organization or man that has better than a child's grasp of what will be required through the broadened public relations approach of the years to come.

Indicative of the ever-changing concepts through which public relations is groping to find its true place in business is the rapidly shifting balance in the responsibilities placed upon industrial managements. For example, the company with which I happen to be associated is in this year 1938 beginning its fourth decade of growth. Looking back over its major problems by decades you see an interesting cycle of change in emphasis on the elements that have demanded the attention of its executives. When it began in 1908 it was concerned primarily with financing—putting the pieces together. The second decade might be regarded as an engineering, production era. The third, merchandising. But I have noticed that as it enters its fourth and present decade of growth the major problems that occupy the thought of executives bear on public relations in one way or

another. And the burden of successful management everywhere in industry is moving in the same direction.

As we pass into an era when industry seeks a more sensitive touch with consumer wants, leadership in industry will pass to men who first of all make it their business to study human relations with just as much science as they now study materials and methods. It will pass to executives who understand that the major problems in the future will be with governments and with people. And the time will come in your life and mine when the big jobs in industry will be bossed by men who in their comprehension of the practical factors in the business include also understanding of the influences that move men's minds and hearts.

***New Leadership in Industry Foreseen***

The problems which occupy the greater part of the time and attention of the industrial leader of today were scarcely heard of ten years ago. Tomorrow, business and industrial executives will be on as familiar ground in the realm of human relations involving public attitudes, customer reactions and the whole range of the social sciences as yesterday they were in the field of production. The leaders of industry who are blazing new trails in industrial management are precisely men of this type. And American industrial leaders as a group will become experts in this new field, just as they always have learned to become experts in every field on which industrial progress depended.

Thus, far from being a program of defense or an academic experiment in mass psychology, public relations, as a philosophy of management, projects itself inevitably in terms of concern for human beings—for higher standards of living. For what is this thing we call the standard of living but an economic name for how well people's wants are being satisfied?

Now I suppose there is nothing of which we can be so proud, or to which the world points with so much envy for the example it provides of human progress, as the high standard by which we nearly all live in America. With 6 per cent of the world's population, we have 50 per cent of the world's telephones. We have 44,000,000 savings bank depositors. We spend more for education than all the rest of the world. We have 64,000,000 people protected through life insurance. We have a radio for every six persons. We have enough automobiles for every man, woman and child to go riding all at once on a Sunday afternoon.

Such proofs of the validity of our system of free enterprise are not

monuments merely to be gazed at in wonder, or values only for future generations. They are benefits in use here and now by people, by men and women, by the customers of our economic system. Yet most of these men and women do not possess even a rudimentary knowledge of the source of their common comforts. Only a beginning effort has been made to explain why these benefits exist here and why they do not exist in any other country in the world.

***Misconceptions Threaten American Standards***

Have we done all we can to make people understand these fundamentals? Have not you and I unwittingly allowed influences to seep into our land that will destroy the American standard of living unless we correct some public misconceptions soon? Have we not allowed concepts to grow up that are a threat not alone to capital, to labor—to industry big and small—but to the well-being of the American consumer himself? Is it not a challenge to you and me as public relations men not to duck but deal with the job of meeting these present-day fallacies?

The challenge that faces us is to shake off our lethargy and through public relations make the American plan of industry stick. For, unless the contributions of the system are explained to consumers in terms of their own interest, the system itself will not stand against the storm of fallacies that rides the air in this era of easy, world-wide and instantaneous communication.

*I refer to such fallacies as the one that sets up class hatreds by declaring that industry is a device operating for the unholy benefit of a few economic royalists.* For this injures not particularly the economic royalists but industry itself and all those who live by industry— especially the thousands upon thousands of small enterprises. Repressive measures always hit them hardest. It ignores the fact that the American system of enterprise, more than any other, prevented the growth of classes by enabling each generation to replenish from the ranks the leadership at the top. Has it not provided the means for a wider distribution of wealth, of comforts, of the benefits of civilized living than has been attained by all the planned economies of the past three thousand years?

And does not this fallacy ignore the fact that 84 cents out of every dollar of manufacturing income goes to the employee, whereas the remaining 16 cents is divided up between the inventor, investor and all the rest who keep the industrial machine going? Does it not ignore the fact that in

our profit and loss system corporate earnings over a period average barely more than the bank interest on the capital employed?

***The Business Sit-down Fallacy***

*I refer to the fallacy that business went on a "sit-down" strike to bring on this depression to embarrass the New Deal and to embarrass labor.* That somehow or other business has secured the magic key by which prosperity can be turned on and off as from a spigot. This makes a very exciting story. It is probably the most flattering left-handed tribute paid to business in many a day. But does it not ignore the cold, prosaic fact that industrial production and business volume depend not upon the capital under control of managements but upon the capital in the pockets of potential customers? Is it not the customer who says how many days a week the factory is going to run? Is it not the customer who says whether a new plant addition is going to be built? One thing is sure. Nobody in Government or in industry, or anywhere, yet possesses the power or the knowledge to control the swings in the economic cycle.

*I refer to the fallacy that the way to create buying power is to level down from the top.* That the way to spread wealth is to divide it, not multiply it. It is a shameful commentary upon our neglect of elementary business interpretation that such a doctrine, based upon the outworn philosophies of Karl Marx and the Socialist school, should ever have gained a foothold in these United States. For does this theory not ignore the fundamental fact that production of goods precedes distribution of goods—that increase in wealth can only come through producing ever more and more things to distribute?

*I refer to the fallacy that the machine is driving men into idleness.* Does this theory not ignore the fact that jobs for workers increase almost in direct proportion as workers can call upon horsepower to help them? Does it not ignore the fact that during the last 50 years of machine development, while the population of the nation has doubled, the number of wage earners in factories has trebled? Does it not ignore the fact that for every person given a job in manufacturing enterprise additional jobs are created in supplying and corollary services? Does it not overlook industry's use of the machine to build automobiles by which jobs were eventually provided for 1,000,000—jobs that would never have been created under handcraft methods—as against 60,000 jobs furnished through buggy building in its heyday? Does it not ignore the fact that industry must be dynamic,

ever-progressing, ready to capitalize upon technology in order to force costs lower and lower! That it must make ever more and ever better goods if a higher standard of living is to be created for all and if people are to be enabled to partake of the spiritual and cultural values of civilization?

Should we permit fragmentary and hand-picked testimony in regard to the machine to circulate as factual findings? Should we confess that our present stage of progress in the production of goods represents the peak, and that we are willing, through the misguided imposition of artificial restraints, to sink back to the level of the handcraft age?

***The Fallacy Regarding Management***

*I refer to the fallacy into which so many workers have been led that the salary of the boss comes out of their pockets*—that management is overpaid at the expense of the workers. Does that theory not ignore the fact that the industrial worker himself is the principal beneficiary of the increased living standard resulting from industrialization; that management, without which there would not be industry, costs but a few cents a week for each worker? Does it not miss the very purpose of management in the industrial scheme of things and the fact that, in relation to accomplishments in producing jobs and goods, American business management is the least expensive in all the world? Is anything more costly than a failure in management? Is anything more expensive, to worker and to consumer alike, than inefficient management?

***Does Bigness Always Mean "Badness"***

*Finally, I refer to the fallacy of fallacies—the strange belief that bigness in industry somehow is synonymous with badness, as if size had anything to do with morality.* Here is a delusion which strikes at the root of our economic system. For, by and large, are not the benefits that distinguish us from other nations, the things that visitors from abroad would like most to copy, precisely those things made possible by our American system of large-scale production? Does not such a theory overlook the fact that through such the pattern of bigness you can purchase for $1200 a car that would cost $12,000 built like a house on the pattern of smallness? Does it not ignore the fact that the consumer and nobody else determines that industry sometimes must be small and sometimes big to serve him well—big, as for instance, when buyers want steel tops on their cars, which must be formed on drawing presses costing $80,000 each? Does it not ignore the fact that big business, instead of crushing smallness, is, through creating

new demands for suppliers, services and related activities, the most prolific breeder of small businesses so far known? Are not big business men and little business men after all about the same fellows beneath the skin? On fundamentals they think and act pretty much alike. Did not the recent Washington conference indicate that small business is nothing more than big business in embryo—than smallness on its way to bigness? Does not this prime fallacy condemn the small business to permanent stagnation?

### *Big and Little Business Mutually Dependent*

The point I wish to make is that it takes all manner of businesses—big and little—to make an industrial world. And neither large enterprises nor small will be able to capitalize their resources to the full in the interests of the consuming public unless like water they find their own levels.

Now, it is little comfort that these theories, notions, contentions and beliefs have no basis in fact and that people ought to know better. *Public relations must start not with what people ought to think but with what they actually do think. An opinion deeply rooted in consumer consciousness is just as much of a fact, so far as public relations is concerned, and just as important a fact to be dealt with, as a scientific finding from a research laboratory.* And we must treat these psychological findings with all the respect we would treat any other finding. We must move up to them not in temper but objectively.

### *A Challenge to Better Understanding*

These fallacies present to industry an honest challenge to interpret through public relations for consumer guidance the principles and facts underlying industrial existence just as industry would, if challenged in other technical fields, seek remedies through legal, engineering or merchandising channels. If American industry, by constantly placing within the consumer's reach a better way of living, has helped to give the world the best life in recorded history and created the greatest nation of consumers known to mankind, *why should it hesitate to tell the story?* Why should we not recognize our responsibility to clarify untruths which, if allowed to grow, would destroy for the consumer the benefits that are his?

Considering the stake, it is difficult to understand why industry has allowed itself to be crowded through the smear techniques of the opposition into apologies for efforts to develop good relationships with consumers. Nor is it easy to understand why we have sometimes been frightened into the notion that if we move at all we must move with subterfuge, in

secrecy, with doubt of our approach—nor why we should not discuss openly and frankly everything we do in a desire to create good relations with the public.

Now how is industry in its collective sense to go about this job? What the public thinks of industry is the sum total of what it thinks of the individual parts. So the correction of past misconceptions and the foundation for future good concepts must boil up from the work of individual companies.

There is in the Book of Nehemiah the story of the fall of the Wall of Jerusalem and of how all those who lived there builded for their mutual protection a new stronghold of their own closely adjoined houses. Strength of the whole comes from a unification of the individual members.

What is there that each individual company in its own way and sphere can do to possess the regard of people—do for itself as an institution and do, as an inevitable by-product, for the system?

The most obvious lesson any company can learn, and seemingly the most difficult, is that good relations outside grow from good relations inside. If there is any secret to success in building good public relations it is that you must begin at home and work from the inside out. Begin in the plant if you want to be well thought of in the plant community. Begin in the plant community if you want to be well thought of over the nation.

***Public Relations Begin at Home***

First: A company's public relations program, to get anywhere, must begin with good relations in the outer office and inside the plant. If the immediate family is not happy and informed, those whom it meets on the outside will not be either. To outsiders those who work for a company are the company—outsiders judge the company by the folks they know in the company. But good relations with employes depend upon something more than high wages. The pay of course should be right always, but to most every employe a sense that he is being treated fairly is just as important as that he is being paid well. Lack of attention to grievances, real or fancied inequalities in treatment, failure to explain the whys and wherefores of company policies—these are the things that underlie most troubles.

Happy is that organization where by deed every employe is made familiar with the principles and the philosophy upon which the business is run. Happier still is the organization where words as well as deeds on the part of management form the basis for understanding—understanding

with the employe in overalls, and with the employe in a "white collar" who has been all but forgotten for lo these many years. How the employment office hires, what the foreman does, how the paymaster pays, how management conducts and articulates itself—these are the A B C prerequisites to building harmony within the family.

One of the difficulties is that business sometimes fails to anticipate the natural barriers that grow up between the men at the top and the men at the bottom as growth takes place. We suspect those we do not know. You are all familiar with that story of Charles Lamb, who said: "I dislike that man." "But," came the reply, "you do not know him." "Of course," was Lamb's answer, "I do not know him. If I did, I couldn't dislike him."

It is not always easy to transmit the philosophy of the president to the foreman. It is not always easy to transmit the philosophy of the foreman to the top management. *But unless two-way channels of communication are cleared from top to bottom and from bottom to top, the industrial machine weakens and one day bogs down.*

The small merchant employing four or five people has no difficulty in maintaining an understanding between himself and his employes. They know his problems. They are willing to cooperate when business falls off. They can see he is trying to pull through as best he can. As the business expands, it becomes harder for them to see that—unless the small merchant, now grown big, sets about deliberately to project the philosophy that his men just naturally picked up when he was small. When the manager becomes a step removed from his men, the business tends to get into abstractions. The bosses become "management." The employes become "labor." And then, instead of a fellow who hires some one to work for him, we have "capital and labor"—and the stage is all set for a series of misunderstandings.

### *The "Home Town" Folks Know*

Second: A company's public relations is strongly rooted in its plant community relations. There is no place a company is so much liked or hated as where it lives. Employes and townsmen observe what goes on, exchange views. No company can get away from the opinion of it held by folks in its home town.

Good community relations grow largely from the attitude of employes. As citizens of the community in which the company has its being, they are the best spokesmen for its policies. But beyond this, the company,

as a partaker of community benefits, must consciously assume its share of community responsibilities. Local management must make sure that it understands the community's wants and needs and that in turn the community is made to understand what the company proposes to do and how.

The interests of industry and of the community are mutual and supplementary; industry contributes the economic atmosphere—the community, the moral, the cultural and the civic atmosphere in which employes live. Unless industry has confidence in the community and the community has confidence in industry, how can the interests of either be fully served?

***"Living Right" Is Not Enough***

Third: With good relations inside the plant, and good relations within the plant community, you have the base for good relations with the public outside. But you can never take those relations for granted. Living right is not enough. People must know you live right. We must know people. They must know us. Know our company. What we really want is good relations with many more people than would find out about us were we content to allow the deed to speak for itself without any aid in its wider projection.

*The art of public relations embraces the art of multiplication—that is, the art of multiplying endlessly the good impressions of a company.* It involves the honest but skillful employment of all the known media but, most important of all, a development of new approaches and a more advanced technique in their use than any we have as yet learned. To work effectively, the multiplier in public relations must be a 1960 model.

In conclusion, let me say that none of these things are easy of accomplishment. But none of them are impossible of accomplishment. They will not even be very difficult, as events seem to be shaping now, *once industry sets about solving its public relations problems with the same effort in years gone by it set about solving its financing, engineering and production problems.*

They will not be nearly so difficult of accomplishment as time goes on if industry, mindful of its responsibilities in the social order, begins to stand *"for" some things and not so often "against" things.*

You and I and everybody working for industry must severally, and each in his own way, assign to himself this task. We must look upon public relations, not as something superimposed, but as the way a business is conducted. It is the philosophy of management in its endless struggle to give the consumer more for less.

### *Of, By and For the Consumer*

What each individual company does and says will vary as each keeps to its sphere. But there is one theme that must spread its way through every pattern, one basic formula all must follow. I refer to the paramount need for labor everywhere to plan its course mindful that *jobs and pay checks come—first and last and all the time—from customers.* I refer to the paramount need for all businesses—big and small alike—to plan their course *mindful that their existence is of the consumer, by the consumer and for the consumer.* With such a conception of public relations we will not go far wrong, for essentially are we not all customers—all consumers?

There is no place for public relations that connives or squirms or distorts facts. Public relations is honest. It is frank. It is open. It has vigor. It gains strength by application. Use it honestly, but use it on deeds and thoughts to make them multiply—without fear, without apology, without reserve. For to the extent that industry through public relations fails to maintain its initiative, its courage, its freedom of movement, is not the whole structure of our society endangered?

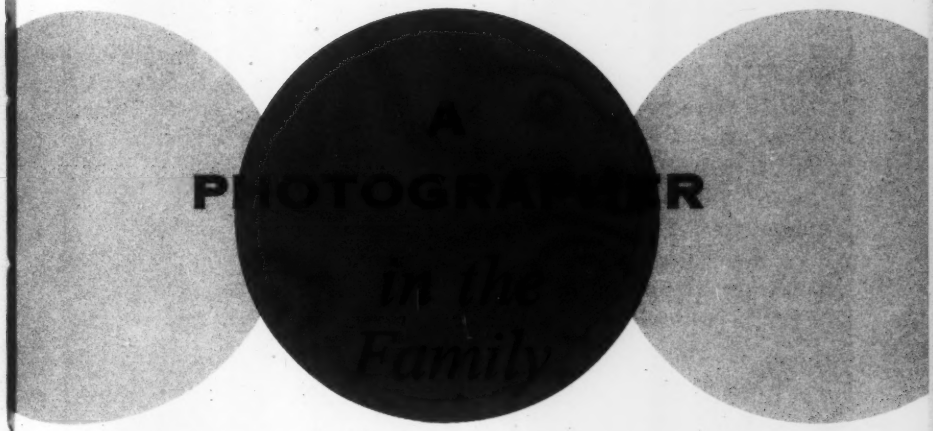
To establish this management philosophy of concern for the customer as a basic concept of the business, to see that it pervades the organization from top to bottom, to interpret with honesty the practices and precepts of the business in terms of benefits to others—lest business lose for the world the right through sound and ceaseless progress to serve humanity—that, as I see it, is industry's no. 1 job. That is public relations. •

* * *

### *A LOOK AHEAD*

"Of all the things which occur to one looking into the future of public relations perhaps the most promising is the possibility that in time a new perspective regarding man will emerge as the result of his growing concern with the process of human enterprise in which many contemporary practitioners are now engaged. Whether this will take place through a leap in knowledge or the plodding acquisition of small bits of insight one cannot, of course, predict; but it is clear that men with considerable talent and education are for the first time seriously devoting themselves to activity in a phase of human endeavor which has never before been so well defined . . . The public relations we know today is like the psychotherapy practiced before the day of Freud: we are on the eve of entirely new methods of communication and cooperation between people."

—David Finn, *The Dynamics of Public Relations*
Scheduled for publication in late August by Reinhold Publishing Corp, New York City




*by* RALPH STEINER

ON COLD stormy nights, the deep sea creatures dream the same frightening dreams as public relations men who must get into the press a life-sustaining number of photographs for their clients.

Next day, both will spawn hundreds and thousands of eggs and photographs in the hope that a few will survive a hostile environment. Little mother love nor Dr. Spock care is lavished on any one egg or picture. The vast majority of eggs and photographs disappear into the maws of hungry fish and hungry waste baskets. As the quantity of cheap, unloved photographs are produced, large and larger waste baskets are invented. The bigger to eat you with, my dear.

Some public relations men see the answer to their picture placement problem in fewer, but better, photographs. The public relations man who has learned the economy of limiting his photographic birth rate employs a more thoughtful (and more expansive) photographer. The usual practice is to present that better grade photographer with a carte blanche. "After all, he's a great picture man; why should I try to tell him his business?" This approach puts a burden on the photographer to make bricks without the necessary straw; to pass a miracle. If the photographer dredges his own idea out of his subject, he may produce a great picture. But it may be the wrong idea for the client's interest. If the photographer doesn't get an idea he must fall back on a stunt.

How well I know the photographer's feeling of worry! How well I know the frustration of looking at dull subject material and knowing that I must pass a miracle to justify my fee. For most of my thirty years as an industrial and commercial photographer I tried to cope with this problem, but today no one can flatter me with: "You're tops; go shoot me great pictures." Like Archimedes I want a place to rest my lever. Now I want to know the client's history, his public relations problems, in what ways the client is superior to his competitors. I want to know from the account executive everything there is to know about his client. I want to read our "background report" and the public relations program. I want to know everything I can, whether it seems pertinent or not to the PR representative.

***Briefing "in Depth"***

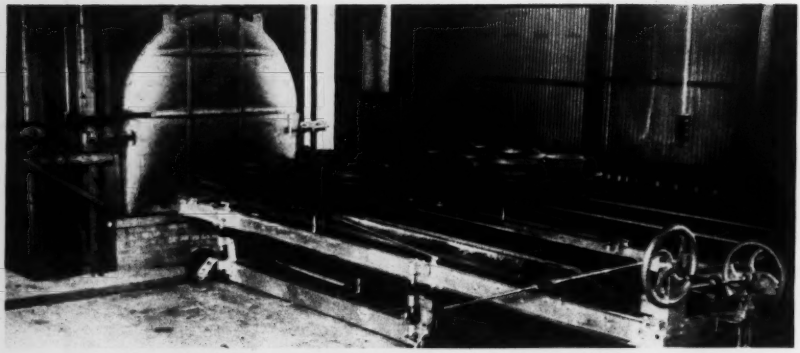
Why this briefing "in depth?" Because I have discovered the great, big, important secret of PR photography. My job is not to photograph the client's office, his personnel, his plant, his machinery. Rather, my job is to photograph an *idea* about them. Perhaps what exists physically should not be photographed at all. Most of the time, if we decide I'm to photograph people or things, much stage setting must be done. Not stage setting to tell an untruth, but stage setting to tell a larger fact than can be stated by photographing adding machines, IBM calculators, drill presses, or soldering guns. I find more and more that my value as a photographer depends not so much on my photographic ability but on my ability to assay the client's problem to find why his drill presses, or whatever, do a better job than his competitors' drill presses, and then to set the scene so that the photograph will tell that story.

*For example: In a midwest steel mill I was shown this beautiful romantic photograph, by a famous industrial photographer, of the pouring of steel. Much flame, smoke, white hotness of steel, men shrinking from scorching heat. The steel company loved the pictures; so did I.*

*It took a whole morning's tour of the plant plus a two-hour meeting of sales manager, advertising-pr manager, plant superintendent, heads of research and myself to discover that the specific problem was to picture what the earlier expert had shown plus an element which differentiated this steel mill from most others. This was extreme accuracy in compounding highly purified ingredients and minute temperature deviations in the furnace and at the pouring stage.*

*I repeated the earlier photographer's shot but included two white lab coated men, one making notes on a pad, the other (extreme right) bending himself out of shape to point his optical pyrometer around the shifting pourers so that he could measure exact temperatures of molten steel at the moment of pouring. Dante's Inferno plus Science.*

At another client company I spent the better part of a day minus camera with the president and the sales manager. Enough time and enough digging to learn facts unlikely to be available to a free-lance photographer. The problem was this: the company had spent a long and costly period in research and development. Now they were about to enter a period of fruitful production with equipment vastly superior to their competition. My photographs were to say to investors: "You've been patient about dividends for a long time. See what we've developed with your money. Be patient a bit longer and soon you'll gather long-denied dividends."

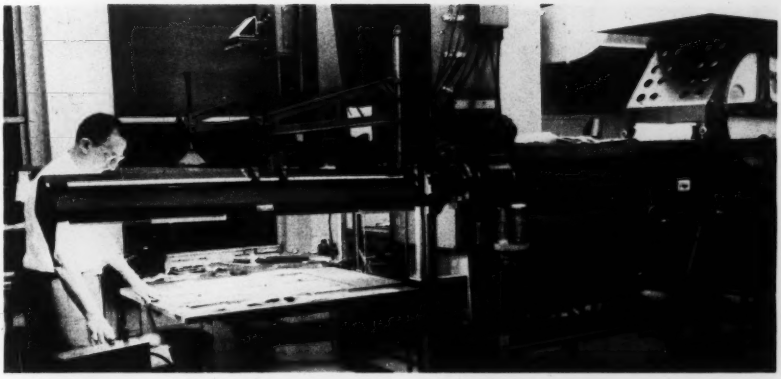


*When the president had hired a photographer and told him to photograph a new high-temperature ceramic oven, this is the picture he got. (The oven itself is inside the rounded door on the left.) More time, more imagination, more money might have improved it slightly.*

*But an oven is still an oven. As a photographer who'd bumped his head a number of times on similar problems, I know my photograph of the oven, either with door closed (as in this picture), or with door opened to show white-hot heat, would still look unimpressive. I know I must photograph neither machinery or more equipment. Ovens per se would not speak loudly of dividends to investors. So I used the ovens as background, and made "productivity" my foreground.*

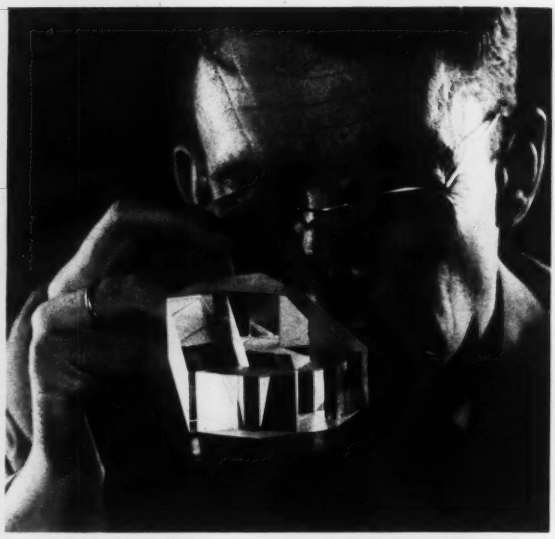
*This was the result. It is not "better" than the first. But it says something more helpful — and different — from the first.*

Another client; a new one. At meetings on client background and program I was handed a special problem. An ancient, slow-moving company had been acquired by a most advanced parent company. The parent had plans to move the ancient child from the ox cart era into the jet age. But evidence of the move would not be apparent for a few years. Meanwhile there were only "ox carts" to point my camera at.



*Another photographer had gone in where he was told to go and photographed what was there. You can't blame him for doing what he was ordered.*

*To find an idea for photographing a camera such as the one above, I remembered that our public relations program included the thought that our client's products were about to take off (like a rocket) into the world of electronics and sophisticated optics. So I tried to give the feeling of a rocket taking off.*



*But even this new "rocket" photo was inadequate to suggest fully the region into which our client aimed to soar. To suggest how different our client's cameras would someday be, I photographed this scientist in the research laboratories looking into a complicated prism.*

I photographed the plant of an electronics client without defining, from meetings and our company literature, what my real job was. I photographed assembling, soldering, testing. The jet instruments accomplished magical results. I tried mightily to make magical pictures in vacuum.

My photographs suggested that the act of soldering was a mighty interesting line of work. Hardly, but even if it were so, my pictures would have been of little value to our client. His competitors soldered their equipment with the same irons in the same way.

It took three longish meetings with client top management and our account executive and myself to learn that the client's equipment and assembly methods were neither unique nor important to customer or investor. What did matter was the creative personnel and their relation to management. Management had created and maintained an informal atmosphere for its scientific personnel. This was the thing I had to show.

To the casual eye the tennis sneakered, sport shirted electronic geniuses contrasted sharply with the front office "blue serge" men. But our client wanted most to say that his company had increased creativity by the balance between freedom given the "tennis sneaker lads" and control and guidance from above. Because of this a special and warm sympathy

flowed up and down; made for happy creativity and a high average of useful ideas.

Soon I go to make photographs which say "freedom", "sympathy", "control", "creativity". I will go happy to the job. I will not have to "stand on my head" to do something unusual. I know that without strain I can comfortably lean on my directives to lead me to unusual and original pictures. The "new" and "unusual" is built in. The job is more than half done before I start off.

I've been photographer, man and boy, for almost forty years. Only this last year, working exclusively in public relations, have I learned that I may as well shoot without film in my camera as without an adequate approach in my head. I suspect now that the high fees paid me in the past were partly wasted: I got full use from the money, but the clients didn't.

As a member of the PR family, I look forward to a badly needed improvement in what we all do photographically. I urge the use of intelligent photographers instead of snap-shooters and camera mechanics. And I urge much time and thought spent in briefing. Better still, select a fine photographer, put him on your payroll, pay him as much as you pay an account executive, educate him into becoming a PR photographer.

Better PR pictures can be made from inside looking out than outside looking in. ●

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**ADD PUBLIC RELATIONS PERIODICALS**

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*ORC Findings*
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# *The Use of*
# MOTIVATION RESEARCH

*by* BURLEIGH B. GARDNER

MOTIVATION research is the study of the actual motives and human needs underlying people's actions and opinions. The various concepts and investigation techniques of clinical psychology, sociology and social anthropology are combined to learn why people behave the way they do in specific situations.

When applied to buying decisions, motivation research can give the manufacturer new insight into why his product or brand does not stand up well in comparison with all the other products and brands competing for the consumer dollar.

In the same way, motivation research can analyze the company image to learn how the company itself is regarded by the publics in which it is interested.

For example, a utility company was found to have an arrogant "stuffed shirt" image because its customer service attitudes and procedures were wrong. An engineering company learned that its difficulties in diversifying into new fields stemmed from a reputation for being "sound but un-imaginative." Certain companies have trouble recruiting engineering and science graduates because they seem dull, backward and unpromising to ambitious young men.

Knowing the reasons for public attitudes toward a company and its products enables management to develop new corporate policies, make changes in its products, and develop new public relations, advertising and promotion techniques designed to strengthen its competitive position.

How Kroehler Mfg. Co., the world's largest furniture manufacturer, used a motivation research study is a good illustration of the ways in

which consumer analysis can serve as a guide in many areas of corporate endeavor.

### *Buying Trends That Worried Kroehler*

Kroehler, along with the rest of the furniture industry, was alarmed at the way furniture sales were lagging behind sales of other consumer goods in the expanding economy. Despite a general rise in standards of living, people were still spending a very small part of their disposable incomes on furniture.

While the percent of disposable income spent for appliances increased 75 percent and that for automotive products 335 percent in 10 years, the furniture industry fluctuated between a 10 percent increase and a 10 percent decrease. In 1958 furniture acounted for only 1½ percent of disposable consumer dollars. Another spectacular indication of the lag in furniture sales: boating, a sport that had seen an amazing rise in popularity among people at all income levels, garnered $2,085,000,000, almost as much as the total furniture sales of $2½ billion.

The problem: why were people willing to spend nearly as much money on one single part-time activity as in improving the homes in which they live?

At the suggestion of Henri Hurst & McDonald, Inc., Kroehler's advertising agency, we conducted a motivation research study to learn the answer.

### *Fear Impedes Furniture Buying*

We discovered that women put off buying new furniture for the same reason they put off going to the dentist. They're afraid. They distrust their ability to pick what is "right" and would rather make do with their old furniture than endure the psychic pain of replacing it. And their fear of giving evidence in their own living rooms that they lack good taste is compounded by the knowledge that they'll be stuck with their mistakes for some time to come.

Women want the help of the furniture salesman in all their home decoration problems but are afraid their questions will sound "stupid." And those to whom money is a serious consideration are fearful that the furniture they choose will not be serviceable as well as good looking.

While all women are concerned with "good taste," their definitions of taste vary according to which of three social classes they belong. They also put varying emphasis on qualities such as durability and construction.

The upper middle class woman places foremost emphasis on style and beauty, is a prime market for antiques as well as ultra-sophisticated modern lines, and takes quality construction for granted.

The working, or upper lower class, looks for comfort, sturdiness and "up-to-date" appearance. Style preferences that seem to meet this formula tend toward bulky, heavy and solid lines.

In between is a new market that has been emerging over the past few years. This is a lower middle class market composed of millions of people, especially young ones, whose tastes have been "upgraded" by education, television and magazines but who cannot afford the high-style furniture they want. People in this group (white collar workers, owners of small businesses, etc.) frequently have less money to spend than those in the working class but are far more receptive to new ideas in design. Their problem is to find furniture with lighter scaled lines at moderate prices.

Kroehler has long been known as the manufacturer of (1) good quality, moderately-priced furniture and (2) high-fashion furniture marketed under the Valentine Seaver trade name. But the company, like the rest of the industry, had not become sufficiently aware of the new middle market for moderately-priced, high style designs. Nor, until it learned of the very different attitudes toward furniture held by all three market groups did it realize the importance of taking different approaches to each group.

In the two years since completion of the study the company, with its advertising agency and its public relations counsel, The Public Relations Board, has acted in several important areas.

***How Survey Results Were Used***

These areas include product design, public relations, advertising, choice of media, dealer aids and consumer services. Basic to the new approach is differentiation between the three market groups. The still-continuing program includes:

**1.** Product Design.

The company separated its design groupings into three separate divisions, each styled for its appropriate market. The number of moderately priced lighter scaled groups was increased to serve the "new" middle market woman who is intensely interested in better styling but must be concerned with price.

Additional attention was paid to the desires of the working class woman who likes substantial-looking, long-lasting pieces but who demands a "rich" appearance in upholstery fabrics and patterns. This was achieved

by offering her a greater selection of upholstery materials that to her signify elegance, modernity and quality.

The always high-style Valentine Seaver groups for the upper middle class women were expanded. Upholstery selections put even greater emphasis on high fashion, regardless of practicality.

**2.** Public Relations and Advertising.

With the knowledge that there is no typical "Mrs. Consumer," the company changed its public relations and advertising from an umbrella approach to direct appeals to each of the three consumer groups.

All groups marketed under the Kroehler name previously had been publicized and advertised together, with price and quality as the main talking points. Now style has become the prime feature for all three divisions with price and construction details geared to the separate markets.

One furniture group is selected from each division for national publicity and advertising in media appropriate for each type of consumer. In publicity photos, for example, the furniture is shown in room arrangements appropriate to the way of life of each "class." The working class woman is assured, through photos and feature news releases, that the furniture will indicate her good taste and will give her years of service. The middle group, to whom furnishing is fun and not necessarily a lifetime investment, is shown furniture in a smart setting with the moderate price indicated but underplayed. Appeals to the upper middle class play up fashion correctness but say little about construction or price.

**3.** Dealer Aids.

The same three separate appeals are carried through to the retail dealer level in publicity releases, prepared for local use, ad mats and display material. The retailer is supplied with news releases and woman's page features for each of the three furniture groups chosen for national magazine promotion. Ad mats feature the same three styles but also permit the retailer to advertise related groups in the same style category to meet local store needs.

Dealers also have been made acquainted with the motivation research study and are given a continuing series of suggestions for applying its results to their own operations. Two points of special public relations interest to the retailer: the consumer wants help with decorating problems but is afraid to ask questions; she wants to be assured of quality construction but wonders whether she can believe the salesmen's promises.

**4.** Consumer Aids.

As part of its public relations program, Kroehler has taken two important steps toward helping the retailer solve these consumer problems.

The retailer is given a home decoration color guide with actual swatches of the upholstery materials available for each furniture style shown with compatible colors and shades. Using this guide, the consumer is able to plan her room color scheme with new confidence that her new furniture will fit into her home.

The company also has joined Service Master, national home care organization, in a "Performance Tested" program for assuring the cleanability of upholstery fabrics. The "Performance Tested" label gives the consumer the assurance of both Kroehler and Service-Master that the upholstery she chooses can be safely cleaned.

***Survey Publicity Builds Company Image***

In addition to giving new direction to Kroehler appeals to the consumer, the motivation research study itself provided valuable public relations ammunition for the company.

The study was first made public at a luncheon of the Home Fashions League, Inc., of Illinois during the June, 1958, Furniture Market in Chicago. Newspapers and magazines around the country gave large amounts of space to the findings. Other furniture manufacturers and retailers asked for copies. Furniture trade magazines hailed the report as a major contribution to the industry's efforts to solve the problem of lagging sales. And Kroehler has further strengthened its corporate image as a company that takes the trouble to understand the consumer and give her what she wants.

It is not the province of motivation research to tell any company how to conduct its corporate affairs, or to lay down rules which the company can follow to increase sales. Motivation research can, and does, however, analyze public attitudes toward the company and its products. With this knowledge at hand, the company is in a position to work creatively toward solving its problems. ●

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***PUBLIC RELATIONS PRACTICE: Distilled Spirits Division***

"Gwen handed her drink to a photographer before posing.
'Drinks are bad public relations," she said."
—News item, *Washington Daily News*

# BOOK REVIEWS

## GROWTH? OR GROPE?

### THE QUESTION OF GOVERNMENT SPENDING

*By* FRANCIS M. BATOR, *Harper & Bros., New York,* 1960, 162 pp. $3.75

### LESSONS OF THE RECESSION

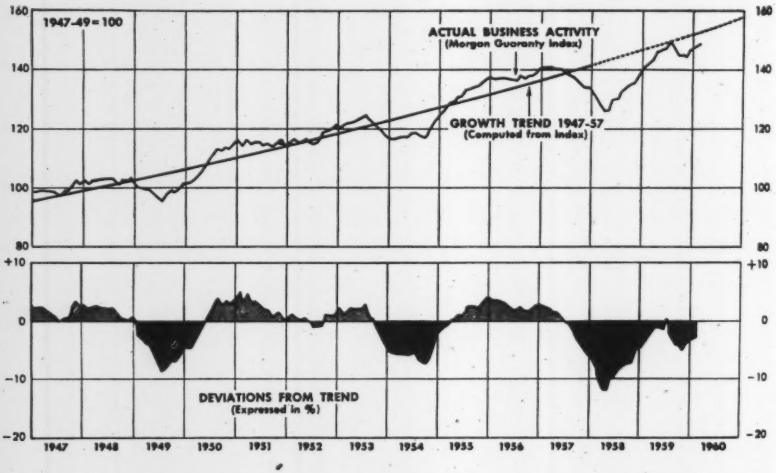
*By* W. S. & E. S. WOYTINSKY, *Public Affairs Institute, Washington, D. C.,* 1959, 102 pp. $2.00

As the words fly, it is four months, innumerable proposals and nearly as many promises to the elections. We do not know whether this will be the dirtiest campaign in years: we do know it will not be the dullest. For the country is awakening to a congeries of issues that until this year have been the province of some individuals and of special groups like the Rockefeller Brothers' Fund, the private research foundations, public affairs groups in some of the larger corporations and business associations. To many of these issues, the solution is money; it will take *two trillion* dollars to rescue our cities from certain decay, the bill for public education will be doubled in the next ten years to $30 billion annually, and so on. For some observers, there is a strong smell of centralization and control in such solutions; for others there is an equally obnoxious reek of budgetosis. Either way, none of these issues is as badly swamped in what President Eisenhower called a "sea of semantic disorder" as the whole question of economic growth.

If there is any agreement, it is only on what we mean by economic growth: the annual rate of increase in the country's Gross National Product (GNP). There is considerable disagreement over what measurement period is relevant (the past 50 years when it has been about 3.0 per cent annually, 1947 to 1953 when it was 4.6, since 1953 when it has been well below average at 2.3 percent) and what it ought to be (five percent is becoming increasingly popular). Economic growth has been intimately connected with whether or not as a nation we are squandering our resources, whether we are starving the public sector in favor of the private sector of

the economy and, of course, whether our growth rate should not be stimulated somehow to match a Russian rate that is generally pegged at about 6.5 percent. Finally, there is a high degree of vagueness about most of the proposals so far advanced to invigorate the nation's economy. As economist Klaus Knorr noted recently, "proposals abound in demands for 'firm and effective' action, 'prompt and bold action,' anti-recession measures which are 'properly designed,' the creation of conditions 'favorable to investment,' income taxes at 'somewhat lower rates,' 'some moderation' of corporate income taxes, and 'equitable tax structures'."

This brouhaha, nevertheless is subject to two observations. One is implicit in the diagrams: Since the middle of 1955, the economy, despite periods of boiling activity, has been lagging behind the historical growth rate; and that a good part of the problem has to do with recurrent recession.




In the chart, the Morgan-Guaranty survey has plotted deviations about the 1947-57 growth trend, showing that positive growth has barely attained the Korean peak. Secondly, and almost in consequence of the intimate relationship between long-term growth and cyclical variations, the role of government spending will increasingly dominate discussion.

***What Are the Facts?***

You can buy Francis Bator's *The Question of Government Spending* for its closely reasoned, 100-odd pages of exposition or for its 40-page

appendix of tables on government spending. Either way, you will have acquired a book that will shortly be on the desks of most so-called thought leaders and not a few of the thoughtless. For what Bator has done is first to search statistics on government spending for the 1929-1957 period and to present them in relevant form. In fact, as Alvin Hansen has noted, this is the most complete compendium that is now available. And secondly, Bator has asked the relevant questions about his figures. "My plea," he writes, "is neither for less government spending, nor, strictly speaking, for more, but rather for clear thought about what is involved in the choice." Bator serves up superbly well whatever food is needed for that thought.

Dividing governmental expenditures into spending on goods and services ("exhaustive" spending) and "spending that absorbs no output but redistributes income or assets" ("non-exhaustive" spending), Bator summarizes his figures in a quick 30 pages. Some parts of the perspective:

- Four-fifths of the interest on the public debt is attributable to World War II—about $5 billion of a $6 billion total in 1957.
- Of Federal grants-in-aids to the states in 1957, of $4.1 billion, only $.3 billion was left for education and miscellaneous projects after highways, transportation, social security and other welfare benefits.
- Nondefense public spending for goods and services doubled from 1929 to 1959, but as a share of the nondefense output of the total economy, the government share rose from 7.5 percent in 1929 to 10.3 percent in 1957.
- Per capita, nondefense public spending is below 1939 while real output per capita increased about 50 percent.
- The share of Federal nondefense spending went from 8.1 percent in 1929 to 12.2 percent in 1957. But the '57 figure was a third less than what it had been in 1939.

What do the facts mean? Bator says: "Dicta such as that if defense spending goes up, nondefense public spending must come down; that because public spending involves a lot of waste it ought to be cut; that it is better to counter recession by inducing private spending via tax cuts than by increasing public spending; that if spending by government is increased in recession, it ought to finance short-lived projects—are, as simple-minded rules often are, arbitrary and, if people's tastes matter, wrong."

In short, while there is undoubtedly a bias of emphasis ("the overtones are not neutral"), *The Question of Government Spending* is already on its way to becoming a source book for those who question whether "we are dangerously shortchanging ourselves on defense, foreign aid, education, urban renewal and medical services." If only for this reason, *The Question*

*of Government Spending* requires close scrutiny by anyone even remotely engaged in public affairs work.

***More On Spending***

But with the economy moving sideways, (Dr. Marcus Nadler: "The American economy is not headed for a boom or a serious recession") closer attention should be paid to the Woytinskys' plea that the answer to sustained growth lies "in a long-range policy which will prevent new recessions or stop them in their earliest phase;" indeed, "the campaign to accelerate economic growth should begin with an effort to eradicate economic setbacks." *Lessons of the Recession* maintains that a greater degree of anticipatory planning and larger doses of prompt government spending could have avoided a total cumulative cost to the nation for the postwar recessions of some $113 billion. What is especially noteworthy is not that these recessions have been so similar, but that their legacies of unemployment have been growing steadily larger. Two years after the 1949 recession, unemployment ran at about 3½ percent; two years after the 1954 recession, unemployment was four percent; and now two years after the 1958 recession, unemployment stands at five percent.

In a series of closely reasoned chapters, the Woytinskys outline the common characteristics of the postwar recessions in cause, (inventory largely), duration (a four-year cycle) and cost ($35 to $45 billion). And they suggest a number of remedies: such as

- A congressional survey committee to make a detailed study of the postwar recessions.
- Amendment of the Employment Act of 1946 to engage the Council of Economic Advisers in an anti-recession campaign and the establishment of early-warning devises to alert against economic attack.
- Advance planning with heavy emphasis on government spending of one kind or another.

Here too, as in *The Question of Government Spending,* the value for those engaged in public affairs work lies less in conclusions and more in the extent of clear reasoning that is easily followed. This is an election year. The existence of the new five-percenters, together with a lagging economic growth rate as the Morgan-Guaranty chart clearly shows, makes indispensable a source of economic information that is free of jargon and still knowledgeable. *The Question of Government Spending* together with *Lessons of the Recession* fill this need admirably.

—Don Colen

## THE MEANING OF MODERN BUSINESS

*By* RICHARD EELLS, *Columbia University Press, New York,* 1960, 338 pp., $7.50

*Reviewed by Ian Wilson, Specialist, General Magazine News Relations, General Electric Company*

It is probable—and we can say this without despair or frustration—that the issue of social responsibility in the corporation is no more susceptible of complete and definitive resolution than is, say, the issue of individual freedom and the state. For twenty-five hundred years political philosophers have sought to balance the often conflicting claims of Man and the society he has created for himself. There is every reason to predict an equally long (and inconclusive) debate on how to reconcile the interests of this society and the creature of its making, the business corporation.

This is not, of course, to condemn either debate as an exercise in futility, nor to dismiss Richard Eells' book as an academic treatise. On the contrary, it is only through such continuous discussion that we may hope to arrive at the proper balance, in either instance, that will satisfy both the fundamental principles we have established for ourselves *and* the changing demands of the times.

Currently there appears to be a heightening of discussion on the nature and extent of the social responsibilities of business and the "fit" of the corporation in society.* And fittingly so. With profit maximization no longer fashionable as the sole corporate objective, the pendulum may all too readily swing over to mere "do-goodism" or to an overbearing spread of corporate influence in society. Eells makes the shrewd observation that "part of today's fear of the large corporation is the fear of its demonstrated ability to handle a legion of disparate problems and still operate a business for profit." The combination of success and fuzzy thinking about corporate goals can be as dangerous as a runaway truck.

Let's face it: all too many public relations people have contributed to this fuzzy thinking, finding in claims of "corporate conscience" a seemingly easy way to win friends for their companies. Richard Eells is obviously disturbed by this drift, heedless or premeditated, toward a form of corporate socialism, but equally rejects the outworn concepts of earlier

* Other examples include "Management's Mission in a New Society," edited by Dan H. Fenn, Jr., McGraw-Hill, 1959; "The Corporation in Modern Society," edited by Edward S. Mason, Harvard University Press, 1959; "The Corporation and the Economy" (a panel discussion), booklet published by the Center for the Study of Democratic Institutions, 1959.

business thinking. In quasi-Hegelian manner, he poses a thesis—the "traditional corporation," which is an instrument of the shareholders only and has one clear-cut purpose: conduct of the business for their profit—and an antithesis—what he terms, in a happy phrase, the "metrocorporation," which "mothers" a "brood" of diffuse social, political and economic aims, and harbors within itself all the potentialities of becoming a microcosm of society. The section of the book in which he delineates these two models (exaggerated for the purposes of analysis) reveal the scholarly research and analysis in depth where Eells is at his surest and most penetrating. Unfortunately, when we come to the final synthesis—the model of the "well-tempered corporation"—the point at which he ventures his own solution to the dilemma of social responsibility, the book fails to realize the hopes it has engendered. In a form of intellectual brinksmanship Eells veers away at the last moment from those specific details which alone would have given substance and conviction to his model. As it is, it is uncertain just how, *precisely*, the model differs from the metrocorporation. More questions are raised than answered. Not for nothing does he use the term "heuristic" to describe his method: the reader is, indeed, left to find out the answers for himself. Perhaps intentionally.

But the strengths of the remainder of the book are obvious and considerable. Far better than previous works, this book brings a variety of disciplines to bear on the problem: particularly important is Eells' use of political philosophy in considering the governmental process within the corporation, and his observation of business life at first hand (at General Electric, where he is in charge of Public Policy Research) in analyzing the decision- and policy-making processes. The historical sweep, a perceptive chapter on the public relations function, the outline of a program of scientific research into the actual operation of the corporation, and above all the ability to ask the questions designed to make all of us re-examine our own assumptions—these are some of the book's notable assets. I commend it to management and public relations men alike with the hope that they may be stimulated to look afresh at their corporate objectives and the public relations programs linked to these goals. By influencing such individual action, Richard Eells' book could achieve for itself a place of importance in the history of the development of modern business philosophy.

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